

ABSTRACT

A system for activating a merchandise card and account that permits a card user to initially purchase or reload cash value into a merchandise account using a card issued by an issuer such as a merchant, bank, or card association via a terminal, with or without a PIN, and have the cash value on the card immediately converted to a purchase of proxy merchandise offered by the card issuer, and at the time of account debiting allowing said cardholder to make a final selection of merchandise from the inventory of the issuing merchant. The system operates a network, on a real time or batch basis, that uses a communication system to connect point of sale terminals, remote terminals, and computers operated by card issuers, merchant headquarters, and account processors to issue cards, calculates taxes and merchant costs, converts cash to proxy merchandise, and allows cardholders at the time of debiting their account to substitute the proxy purchase for a final selection of merchandise.